

COMPARISON OF AT&T AND RBOCS PROJECTIONS OF BFP REVENUE REQUIREMENT

[Dollars in 000]

	AT&T'S 96/97 Proj. A	RBOCS' 96/97 Proj. B	Difference C=B-A
<u>AMERITECH</u>	\$1,090,960	\$1,110,967	\$20,007
<u>BELL ATLANTIC</u>	\$1,348,364	\$1,323,089	(\$25,275)
<u>BELLSOUTH</u>	\$1,994,011	\$1,906,588	(\$87,423)
<u>NYNEX</u>	\$1,263,229	\$1,247,153	(\$16,076)
<u>PACIFIC BELL</u>	\$909,162	\$877,349	(\$31,813)
<u>NEVADA BELL</u>	\$22,565	\$22,405	(\$160)
<u>SWBT</u>	\$1,212,051	\$1,094,456	(\$117,595)
<u>U S WEST</u>	\$1,430,884	\$1,251,060	(\$179,824)
TOTAL RBOC	\$9,271,226	\$8,833,067	(\$438,159)

**IMPACT ON CCL RATE CAPS
DUE TO RBOCS' BFP REVENUE REQUIREMENT UNDERSTATEMENT**

[dollars in 000]

	AT&T BFP RR rojection	LEC BFP RR Filed	Prospective EUCL Volumes	AT&T EUCL Rate	LEC EUCL Rate	Difference	Base Period MLB EUCL Volumes	Impact	Annual Impact
	(A)	(B)	(C)	(D)	(E)	(F) = D-E	(G)	(H) = F*G	I) = H*12
Ameritech	\$1,090,960	\$1,110,967	20,011	\$4.54	\$4.63	0.0868	5,931	515	\$6,180
Bell Atlantic	\$1,348,364	\$1,323,089	20,722	\$5.42	\$5.19	-0.2324	6,518	(1,515)	(\$18,180)
BellSouth	\$1,994,011	\$1,906,588	22,807	\$7.29	\$6.97	-0.3158	6,014	(1,899)	(\$22,793)
NYNEX	\$1,263,229	\$1,247,153	17,376	\$6.06	\$5.98	-0.0783	4,931	(386)	(\$4,633)
Pacific Bell	\$909,162	\$877,349	16,448	\$4.61	\$4.45	-0.1562	4,453	(696)	(\$8,348)
Nevada Bell	\$22,565	\$22,405	327	\$5.75	\$5.71	-0.0405	120	(5)	(\$58)
SWBT	\$1,212,051	\$1,094,456	15,256	\$6.62	\$5.98	-0.6406	4,274	(2,738)	(\$32,855)
U S WEST	\$1,430,883	\$1,251,060	15,905	\$7.50	\$6.52	-0.9770	4,121	(4,026)	(\$48,316)
Total	\$9,271,225	\$8,833,067							(\$129,005)

Comparison of RBOCs Actual BFP Revenue Requirement with Projected

[Dollar in 000]

			ACCESS TARIFF YEARS					
			91/92	92/93	93/94	94/95	95/96	96/97
Ameritech								
Actual	Dir.Case, Exhibit 6		787,187	820,991	952,858	1,037,718	1,022,699	1,033,471
Projected	Dir.Case, Exhibit 6		735,746	757,906	833,823	1,006,213	1,028,026	1,106,711
Actual year-over-year growth				4.29%	16.06%	8.91%	-1.45%	1.05%
Projected year-over-year growth				3.01%	10.02%	20.67%	2.17%	7.65%
% Diff. projected vs. actual growth				-29.86%	-37.64%	132.15%	-249.78%	626.67%
Bell Atlantic								
Actual	Appendix B, Page 3		910,304	975,404	1,141,585	1,236,944	1,247,084	1,293,245
Projected	Dir.Case, Exh. 16S-1-C		851,092	915,634	1,130,894	1,159,884	1,259,843	1,304,709
Actual year-over-year growth				7.15%	17.04%	8.35%	0.82%	3.70%
Projected year-over-year growth				7.58%	23.51%	2.56%	8.62%	3.56%
% Diff. projected vs. actual growth				6.04%	37.99%	-69.31%	951.28%	-3.79%
Bell South								
Actual	Dir.Case, App. A, Exh. 4		1,386,648	1,457,351	1,655,630	1,768,817	1,843,461	1,867,910
Projected	Dir.Case, App. A, Exh. 4		1,356,340	1,401,481	1,648,031	1,665,010	1,843,367	1,915,959
Actual year-over-year growth				5.10%	13.61%	6.84%	4.22%	1.33%
Projected year-over-year growth				3.33%	17.59%	1.03%	10.71%	3.94%
% Diff. projected vs. actual growth				-34.73%	29.30%	-84.93%	153.84%	196.93%

Comparison of RBOCs Actual BFP Revenue Requirement with Projected

[Dollar in 000]

			ACCESS TARIFF YEARS					
			91/92	92/93	93/94	94/95	95/96	96/97
NYNEX								
	Actual	Dir.Case, Exh. 17N-1-A	1,035,201	1,013,484	1,236,393	1,273,159	1,378,490	1,191,331
	Projected	Dir.Case, Exh. 17N-1-A	944,967	914,476	1,037,579	1,174,429	1,211,303	1,243,341
	Actual year-over-year growth			-2.10%	21.99%	2.97%	8.27%	-13.58%
	Projected year-over-year growth			-3.23%	13.46%	13.19%	3.14%	2.64%
	% Diff. projected vs. actual growth			53.81%	-38.80%	343.54%	-62.05%	-119.48%
Pacific Bell								
	Actual	Dir.Case, Attach. BFP-3	678,773	731,745	802,661	845,251	870,834	916,947
	Projected	Dir.Case, Attach. BFP-3	692,952	669,613	801,594	828,146	820,333	855,304
	Actual year-over-year growth			7.80%	9.69%	5.31%	3.03%	5.30%
	Projected year-over-year growth			-3.37%	19.71%	3.31%	-0.94%	4.26%
	% Diff. projected vs. actual growth			-143.16%	103.38%	-37.57%	-131.17%	-19.49%
Nevada Bell								
	Actual	Dir.Case, Exh. NV-FBP-3	17,174	16,388	17,056	18,406	19,879	21,738
	Projected	Dir.Case, Exh. NV-FBP-3	16,741	15,192	16,803	17,627	17,759	18,564
	Actual year-over-year growth			-4.58%	4.08%	7.92%	8.00%	9.35%
	Projected year-over-year growth			-9.25%	10.60%	4.90%	0.75%	4.53%
	% Diff. projected vs. actual growth			102.17%	160.15%	-38.04%	-90.64%	-51.53%
SWBT								
	Actual	Dir.Case, Worksheet 3	704,637	745,986	907,635	953,267	1,031,487	1,137,438
	Projected	Dir.Case, Worksheet 3	681,597	669,479	885,246	920,554	948,126	1,026,025
	Actual year-over-year growth			5.87%	21.67%	5.03%	8.21%	10.27%
	Projected year-over-year growth			-1.78%	32.23%	3.99%	3.00%	8.22%
	% Diff. projected vs. actual growth			-130.30%	48.73%	-20.67%	-63.50%	-20.01%
US West								
	Actual	Dir.Case, Exhibit 3	776,126	811,770	956,607	1,092,181	1,170,617	1,276,355
	Projected	Dir.Case, Exhibit 3	748,748	754,627	911,127	1,022,253	1,035,131	1,164,893
	Actual year-over-year growth			4.59%	17.84%	14.17%	7.18%	9.03%
	Projected year-over-year growth			0.79%	20.74%	12.20%	1.26%	12.54%
	% Diff. projected vs. actual growth			-82.90%	16.23%	-13.94%	-82.46%	38.78%

Comparison of RBOCs Actual BFP Revenue Requirement with Projected

[Dollar in 000]

			ACCESS TARIFF YEARS					
			91/92	92/93	93/94	94/95	95/96	96/97
GTE	Actual	Dir.Case, Exhibit A-8	1,296,047	1,348,655	1,577,643	1,605,098	1,578,043	Not Avail.
	Projected	Dir.Case, Exhibit A-8	1,133,953	1,098,976	1,335,180	1,410,849	1,436,879	1,474,557
	Actual year-over-year growth			4.06%	16.98%	1.74%	-1.69%	-100.00%
	Projected year-over-year growth			-3.08%	21.49%	5.67%	1.84%	2.62%
	% Diff. projected vs. actual growth			-175.99%	26.59%	225.66%	-209.46%	-102.62%
SNET	Actual	Dir.Case, WP BFP-3	108,806	114,244	146,440	144,673	146,883	152,139
	Projected	Dir.Case, WP BFP-3	110,178	106,510	112,196	137,679	150,036	144,851
	Actual year-over-year growth			5.00%	28.18%	-1.21%	1.53%	3.58%
	Projected year-over-year growth			-3.33%	5.34%	22.71%	8.97%	-3.46%
	% Diff. projected vs. actual growth			-166.61%	-81.06%	-1982.99%	487.50%	-196.59%
SPRINT	Actual	Dir.Case, Exhibit 8	394,134	424,537	472,239	512,230	517,572	536,793
	Projected	Dir.Case, Exhibit 8	399,975	404,382	449,691	468,439	485,200	509,551
	Diff		5,840	(20,156)	(22,547)	(43,792)	(32,372)	(27,243)
	Actual year-over-year growth			7.71%	11.24%	8.47%	1.04%	3.71%
	Projected year-over-year growth			1.10%	11.20%	4.17%	3.58%	5.02%
	% Diff. projected vs. actual growth			-85.72%	-0.28%	-50.77%	243.10%	35.14%
Aliant	Actual	Dir.Case, Exh.RRQ-COM	9,820	9,751	11,804	12,251	13,221	14,194
	Projected	Dir.Case, Exh.RRQ-COM	10,014	9,736	11,555	12,655	13,021	14,049
	Actual year-over-year growth			-0.70%	21.05%	3.79%	7.92%	7.36%
	Projected year-over-year growth			-2.78%	18.68%	9.52%	2.89%	7.89%
	% Diff. projected vs. actual growth			295.09%	-11.26%	151.39%	-63.47%	7.28%
Frontier	Actual	Dir.Case, Exh.A-8, B-2	30,409	40,212	49,322	50,094	51,507	53,190
	Projected	Dir.Case, Exh.A-8, B-4	40,641	42,244	49,363	49,318	52,842	53,813
	Actual year-over-year growth			32.24%	22.66%	1.57%	2.82%	3.27%
	Projected year-over-year growth			3.94%	16.85%	-0.09%	7.15%	1.84%
	% Diff. projected vs. actual growth			-87.76%	-25.62%	-105.82%	153.32%	-43.76%

Summary of LEC Responses Regarding BFP Forecast

Bell Atlantic - North (formerly NYNEX)

The company claims to have adjusted its revenue requirement forecast by anticipated exogenous adjustments, workforce reductions plans and the completion of inside wire amortizations. Bell Atlantic - North consistently cites "an underforecast in expenses and other taxes" as the primary reason for missing forecasts year after year. It also claims that certain one-time events, such as special pension enhancements, have impacted the BFP revenue requirement. In large part, the data provided address total company impact and are, therefore, not directly traced back to BFP.

In explaining any patterns of significant and consistent over- or under-estimations of BFP revenue requirement, Bell Atlantic - North claims that a major factor are significant increases in actual operating expenses due to force reductions and service improvements. Bell Atlantic - North states that while BFP forecasts were developed in February of each year, information on "expected work force plans for the projected tariff period were not available . . . creating more potential variability around meeting the actual expense target in the projected tariff period." This explanation is not a justification to under-estimate the BFP revenue requirement, as Bell Atlantic-North should have anticipated the work force reductions and included that information in its planning.

Bell Atlantic - South (formerly Bell Atlantic)

Bell Atlantic - South claims that its forecasted BFP revenue requirement and actuals have been within 4% each year. This has been invalidated through the determination that its tariff period actuals have been misstated. This determination shows that in each year in question, Bell Atlantic - South's difference was greater than it presented or addressed in its Direct Case. Generally, Bell Atlantic - South cites higher than expected expense due to retirement incentives, lower than forecast telephone plant in service and higher reserves.

BellSouth

The reasons for consistent differences in actual and projected tariff year revenue requirements include self declared "misses" related to jurisdictional separations and

the allocation of interstate separated costs to the BFP. BellSouth underestimated its BFP revenue requirement, attributable to assumptions regarding assignment of investment and operating expenses to BFP. The explanation for this includes total operating expense exceeding the projection during the period creating additional BFP expense, differences in actual versus projected jurisdictional separations and incorrect projections of federal income tax.

In 1994 and 1995, BellSouth introduced new basic studies of COE-Transmission Equipment which increased BFP expense. However, these changes were not captured in the projection of BFP requirements submitted in their Annual Filing.

Ameritech

Ameritech does not address the requirement of the Commission to explain variances between forecast and actual, except vaguely in Exhibit 4. However, this speaks to year over year changes rather than addressing actual versus forecast concerns. In this respect, it cites 1994 as the year with greatest increase in BFP revenue requirement, due to a pension plan enhancement offer, and 1995 as the year with the greatest decrease due to significant numbers of employees left the payroll.

Southwestern Bell

Southwestern Bell states that its budget process, the process upon which the BFP forecast has been based, is an ongoing process. The annual interstate tariff filing and the related BFP forecast present unique circumstances in that the filings are made on a split-year basis. BFP costs and budget data must be assembled from two separate budget years. The company claims to perform ongoing separations studies which impact BFP costs. The major studies that impact these costs are the Cable and Wire Study and the Circuit Equipment Study.

However, for all tariff periods, SWBT underestimated the actual BFP expense. The continual underestimation is predominantly, according to SWBT, caused by not incorporating forecasts of separations study impacts for Cable and Wire and Circuit Equipment and using budget data that reflects a conservative estimation of expenses. Actual costs typically exceed budgeted costs utilized for tariff filings. This trend continues to be unaccounted for. The difference between forecast and actual is attributed to an underestimate of BFP

net investment. Actual expenses reflected an accumulation of items that resulted in operating expenses higher than amounts reflected in the forecast.

Pacific Bell

With regard to explaining the differences, Pacific Bell's forecast generally underestimated the achieved growth rate and associated revenue requirement. Pacific Bell states that in general, (1) the comments offered by SWBT concerning the greater uncertainty in the outer year's budget and (2) new cable and wire and circuit equipment basic studies being introduced after the forecast is made, apply to Pacific Bell. Pacific Bell identifies several one-time or unusual expense bookings made over the past six and one half years as contributing to its incorrect forecast. Such issues include SFAS No. 88, SFAS No. 112, restructure reserve bookings and their associated SFAS No. 106 curtailment loss, an early retirement offer and the merger related bookings.

Nevada Bell

Nevada Bell did not meet the 10% of the realized percentage variance for any of the tariff years. In general, the difference between projected and actual tariff year BFP revenue requirements was due to unexpected expense overruns and the introduction of final separations studies. Growth in demand continues to outpace projections resulting in increased service requirements that entail higher wages and salaries than forecasted.

U S WEST

U S WEST states that the consistent differences in actual and forecasted revenues are the result of several factors. In general, reducing expenses and growth in U S WEST's service territory has led to unexpected growth in cable and wire and circuit investment. They claim that it is difficult to anticipate the swings in demand, and have continued to use historic trends. For several years, however, this growth has been occurring. Further, revenue requirement forecasts included decreases in BFP prior to when those reductions actually occurred. Thus, ignoring growth and expecting expense reductions have consistently provided a forecast that substantially understated BFP revenue requirements.

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CCL Under/Over Charge Summary**For Tariff Years 1991/1992 to 1995/1996****(Comparison of Actual Vs. Projected Per Line BFP Revenue Requirement)**

	<u>91/92</u>	<u>92/93</u>	<u>93/94</u>	<u>94/95</u>	<u>95/96</u>	<u>Total</u>	<u>96/97</u> <u>Cumulative</u>
AMERITECH	14,581	16,753	28,917	3,890	(13,632)	50,508	271,320
BELL ATLANTIC	17,989	15,099	2,614	22,386	(6,360)	51,728	248,323
BELLSOUTH	0	0	0	0	0	0	0
NYNEX	25,416	29,203	15,563	0	0	70,181	360,760
PACIFIC BELL	(2,229)	20,918	(1,604)	1,478	6,889	25,452	103,010
NEVADA BELL	0	308	39	185	600	1,132	3,452
SWBT	4,151	16,597	3,852	4,432	6,659	35,690	149,911
U S WEST	9,402	14,767	12,428	0	0	36,597	179,960
						271,289	1,316,737

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AMERITECH**Comparison of Actual Vs. Projected Per Line BFP Revenue Requirement
For Tariff Years 1991/1992 to 1995/1996**

		<u>91/92</u>	<u>92/93</u>	<u>93/94</u>	<u>94/95</u>	<u>95/96</u>	<u>Total</u>
1	Actual BFP Rev.Req. AM Dir.Case Exh. 6, P 2-2	787,187	820,991	952,858	1,037,718	1,022,699	
2	Forecasted BFP Rev.Req. AM Dir.Case Exh. 6, P 2-2	735,746	757,906	833,823	1,006,213	1,028,026	
3	Under/Over Forecast of BFP Line 8 - Line 7	(51,441)	(63,085)	(119,035)	(31,505)	5,327	
4	Actual Total Billable Lines AM Dir.Case Exh. 7	15,893	16,296	17,014	17,638	18,370	
5	Forecasted Total Billable Lines AM Dir.Case Exh. 7	15,998	16,290	16,699	17,329	17,678	
6	Actual BFP RR Per Line Line 1/Line 4/12	4.13	4.20	4.67	4.90	4.64	
7	Forecasted BFP RR Per Line Line 2/Line 5/12	3.83	3.88	4.16	4.84	4.85	
8	MLB Cap per Actual Data Line 6 or <6.00	4.13	4.20	4.67	4.90	4.64	
9	MLB Cap per Projected Data Line 7 or <6.00	3.83	3.88	4.16	4.84	4.85	
10	Difference Line 8 - Line 9	0.30	0.32	0.51	0.06	-0.21	
11	Forecasted MLB AM Dir.Case Exh. 7	4,180	4,370	4,599	4,973	5,139	
12	Actual MLB AM Dir.Case Exh. 7	4,116	4,346	4,762	5,067	5,496	
13	CCL Under/Over Charge Line 10 * Line 12 * 12	14,581	16,753	28,917	3,890	(13,632)	50,508

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BELL ATLANTIC

Comparison of Actual Vs. Projected Per Line BFP Revenue Requirement For Tariff Years 1991/1992 to 1995/1996

		<u>91/92</u>	<u>92/93</u>	<u>93/94</u>	<u>94/95</u>	<u>95/96</u>	<u>Total</u>
1	Actual BFP Rev.Req. Appendix B, Page 3	910,304	975,404	1,141,585	1,236,944	1,247,084	
2	Forecasted BFP Rev.Req. BA Dir.Case Exh. 34S-1	851,092	915,634	1,130,894	1,159,884	1,259,843	
3	Under/Over Forecast of BFP Line 8 - Line 7	(59,212)	(59,770)	(10,691)	(77,060)	12,759	
4	Actual Total Billable Lines BA Dir.Case Exh. 31S-1	17,092	17,508	17,945	18,468	19,135	
5	Forecasted Total Billable Lines BA Dir.Case Exh. 31S-1	17,136	17,333	17,911	18,378	19,029	
6	Actual BFP RR Per Line Line 1/Line 4/12	4.44	4.64	5.30	5.58	5.43	
7	Forecasted BFP RR Per Line Line 2/Line 5/12	4.14	4.40	5.26	5.26	5.52	
8	MLB Cap per Actual Data Line 6 or <6.00	4.44	4.64	5.30	5.58	5.43	
9	MLB Cap per Projected Data Line 7 or <6.00	4.14	4.40	5.26	5.26	5.52	
10	Difference Line 8 - Line 9	0.30	0.24	0.04	0.32	-0.09	
11	Forecasted MLB BA Dir.Case Exh. 31S-1	5,040	5,150	5,432	5,752	6,108	
12	Actual MLB BA Dir.Case Exh. 31S-1	5,009	5,236	5,488	5,791	6,152	
13	CCL Under/Over Charge Line 10 * Line 12 * 12	17,989	15,099	2,614	22,386	(6,360)	51,728

BELLSOUTH

**Comparison of Actual Vs. Projected Per Line BFP Revenue Requirement
For Tariff Years 1991/1992 to 1995/1996**

		<u>91/92</u>	<u>92/93</u>	<u>93/94</u>	<u>94/95</u>	<u>95/96</u>	<u>Total</u>
1	Actual BFP Rev.Req. BS Dir.Case App. E, Exh. 1	1,386,648	1,457,351	1,655,630	1,768,817	1,843,461	
2	Forecasted BFP Rev.Req. BS Dir.Case App. E, Exh. 1	1,356,340	1,401,481	1,648,032	1,665,010	1,843,371	
3	Under/Over Forecast of BFP Line 8 - Line 7	(30,308)	(55,870)	(7,598)	(103,807)	(90)	
4	Actual Total Billable Lines BS Dir.Case App. D, Exh. 2	17,469	18,126	18,858	19,734	20,675	
5	Forecasted Total Billable Lines BS Dir.Case App. D, Exh. 2	17,609	18,054	18,863	19,543	20,488	
6	Actual BFP RR Per Line Line 1/Line 4/12	6.61	6.70	7.32	7.47	7.43	
7	Forecasted BFP RR Per Line Line 2/Line 5/12	6.42	6.47	7.28	7.10	7.50	
8	MLB Cap per Actual Data Line 6 or <6.00	6.00	6.00	6.00	6.00	6.00	
9	MLB Cap per Projected Data Line 7 or <6.00	6.00	6.00	6.00	6.00	6.00	
10	Difference Line 8 - Line 9	0.00	0.00	0.00	0.00	0.00	
11	Forecasted MLB BS Dir.Case App. D, Exh. 2	4,076	4,210	4,543	4,870	5,229	
12	Actual MLB BS Dir.Case App. D, Exh. 2	3,965	4,246	4,575	4,968	5,419	
13	CCL Under/Over Charge Line 10 * Line 12 * 12	0	0	0	0	0	0

NYNEX

**Comparison of Actual Vs. Projected Per Line BFP Revenue Requirement
For Tariff Years 1991/1992 to 1995/1996**

		<u>91/92</u>	<u>92/93</u>	<u>93/94</u>	<u>94/95</u>	<u>95/96</u>	<u>Total</u>
1	Actual BFP Rev.Req. NX Dir.Case Exh.34N-1	1,035,201	1,013,484	1,236,393	1,273,159	1,378,490	
2	Forecasted BFP Rev.Req. NX Dir.Case Exh.34N-1	944,967	914,476	1,037,579	1,174,429	1,211,303	
3	Under/Over Forecast of BFP Line 8 - Line 7	(90,234)	(99,008)	(198,814)	(98,730)	(167,187)	
4	Actual Total Billable Lines NX Dir.Case Exh. 31N-1	14,726	14,874	15,350	15,882	16,384	
5	Forecasted Total Billable Lines NX Dir.Case Exh. 31N-1	14,890	15,076	15,217	15,691	16,382	
6	Actual BFP RR Per Line Line 1/Line 4/12	5.86	5.68	6.71	6.68	7.01	
7	Forecasted BFP RR Per Line Line 2/Line 5/12	5.29	5.05	5.68	6.24	6.16	
8	MLB Cap per Actual Data Line 6 or <6.00	5.86	5.68	6.00	6.00	6.00	
9	MLB Cap per Projected Data Line 7 or <6.00	5.29	5.05	5.68	6.00	6.00	
10	Difference Line 8 - Line 9	0.57	0.62	0.32	0.00	0.00	
11	Forecasted MLB NX Dir.Case Exh. 31N-1	3,854	3,831	3,973	4,215	4,627	
12	Actual MLB NX Dir.Case Exh. 31N-1	3,720	3,903	4,078	4,357	4,619	
13	CCL Under/Over Charge Line 10 * Line 12 * 12	25,416	29,203	15,563	0	0	70,181

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PACIFIC BELL**Comparison of Actual Vs. Projected Per Line BFP Revenue Requirement
For Tariff Years 1991/1992 to 1995/1996**

		<u>91/92</u>	<u>92/93</u>	<u>93/94</u>	<u>94/95</u>	<u>95/96</u>	<u>Total</u>
1	Actual BFP Rev.Req. PAC Dir.Case, Exhibit 6	678,773	731,745	802,661	845,251	870,834	
2	Forecasted BFP Rev.Req. PAC Dir.Case, Exhibit 6	692,952	669,613	801,594	828,146	820,333	
3	Under/Over Forecast of BFP Line 8 - Line 7	14,179	(62,132)	(1,067)	(17,105)	(50,501)	
4	Actual Total Billable Lines PAC Dir.Case, Exhibit 6	13,801	14,108	14,422	14,835	15,378	
5	Forecasted Total Billable Lines PAC Dir.Case, Exhibit 6	13,946	14,163	14,316	14,610	14,828	
6	Actual BFP RR Per Line Line 1/Line 4/12	4.10	4.32	4.64	4.75	4.72	
7	Forecasted BFP RR Per Line Line 2/Line 5/12	4.14	3.94	4.67	4.72	4.61	
8	MLB Cap per Actual Data Line 6 or <6.00	4.10	4.32	4.64	4.75	4.72	
9	MLB Cap per Projected Data Line 7 or <6.00	4.14	3.94	4.67	4.72	4.61	
10	Difference Line 8 - Line 9	-0.04	0.38	-0.03	0.02	0.11	
11	Forecasted MLB	*** Not provided ***					
12	Actual MLB PAC Dir.Case, Exhibit 1	4,429	4,559	4,743	4,987	5,275	
13	CCL Under/Over Charge Line 10 * Line 12 * 12	(2,229)	20,918	(1,604)	1,478	6,889	25,452

APPENDIX E

Page 7 of 9

NEVADA BELL**Comparison of Actual Vs. Projected Per Line BFP Revenue Requirement
For Tariff Years 1991/1992 to 1995/1996**

		<u>91/92</u>	<u>92/93</u>	<u>93/94</u>	<u>94/95</u>	<u>95/96</u>	<u>Total</u>
1	Actual BFP Rev.Req. NEV Dir.Case, Exh. NV-BFP-3	17,174	16,388	17,056	18,406	19,879	
2	Forecasted BFP Rev.Req. NEV Dir.Case, Exh. NV-BFP-3	16,741	15,192	16,803	17,627	17,759	
3	Under/Over Forecast of BFP Line 8 - Line 7	(433)	(1,196)	(253)	(779)	(2,120)	
4	Actual Total Billable Lines NEV Dir.Case, Exh. NV-BFP-11	231	242	252	266	283	
5	Forecasted Total Billable Line NEV Dir.Case, Exh. NV-BFP-11	230	240	250	263	279	
6	Actual BFP RR Per Line Line 1/Line 4/12	6.20	5.64	5.65	5.78	5.86	
7	Forecasted BFP RR Per Line Line 2/Line 5/12	6.08	5.27	5.60	5.59	5.31	
8	MLB Cap per Actual Data Line 6 or <6.00	6.00	5.64	5.65	5.78	5.86	
9	MLB Cap per Projected Data Line 7 or <6.00	6.00	5.27	5.60	5.59	5.31	
10	Difference Line 8 - Line 9	0.00	0.37	0.04	0.19	0.55	
11	Forecasted MLB NEV Dir.Case, Exh. NV-BFP-11 *** Not Provided ***			71	77	86	
12	Actual MLB NEV Dir.Case, Exh. NV-BFP-11	64	69	74	82	91	
13	CCL Under/Over Charge Line 10 * Line 12 * 12	0	308	39	185	600	1,132

SWBT

**Comparison of Actual Vs. Projected Per Line BFP Revenue Requirement
For Tariff Years 1991/1992 to 1995/1996**

		<u>91/92</u>	<u>92/93</u>	<u>93/94</u>	<u>94/95</u>	<u>95/96</u>	<u>Total</u>
1	Actual BFP Rev.Req. SW Dir.Case, Worksheet 3	704,637	745,986	907,635	953,267	1,031,487	
2	Forecasted BFP Rev.Req. SW Dir.Case, Worksheet 3	681,597	669,479	885,246	920,554	948,126	
3	Under/Over Forecast of BFP Line 8 - Line 7	(23,040)	(76,507)	(22,389)	(32,713)	(83,361)	
4	Actual Total Billable Lines SW Dir.Case, Exh. 1SW	11,798	12,187	12,583	13,032	13,657	
5	Forecasted Total Billable Lines SW Dir.Case, Exh. 1SW	11,689	11,978	12,497	13,011	13,490	
6	Actual BFP RR Per Line Line 1/Line 4/12	4.98	5.10	6.01	6.10	6.29	
7	Forecasted BFP RR Per Line Line 2/Line 5/12	4.86	4.66	5.90	5.90	5.86	
8	MLB Cap per Actual Data Line 6 or <6.00	4.98	5.10	6.00	6.00	6.00	
9	MLB Cap per Projected Data Line 7 or <6.00	4.86	4.66	5.90	5.90	5.86	
10	Difference Line 8 - Line 9	0.12	0.44	0.10	0.10	0.14	
11	Forecasted MLB SW Dir.Case, Exh. 1SW	2,911	3,063	3,254	3,513	3,793	
12	Actual MLB SW Dir.Case, Exh. 1SW	2,932	3,122	3,311	3,549	3,878	
13	CCL Under/Over Charge Line 10 * Line 12 * 12	4,151	16,597	3,852	4,432	6,659	35,690

U S WEST

**Comparison of Actual Vs. Projected Per Line BFP Revenue Requirement
For Tariff Years 1991/1992 to 1995/1996**

		<u>91/92</u>	<u>92/93</u>	<u>93/94</u>	<u>94/95</u>	<u>95/96</u>	<u>Total</u>
1	Actual BFP Rev.Req. USW Dir.Case, Exhibit 3	776,126	811,770	956,607	1,092,181	1,170,617	
2	Forecasted BFP Rev.Req. USW Dir.Case, Exhibit 3	748,748	754,627	911,127	1,022,253	1,035,131	
3	Under/Over Forecast of BFP Line 8 - Line 7	(27,378)	(57,143)	(45,480)	(69,928)	(135,486)	
4	Actual Total Billable Lines USW Dir.Case, Exhibit 9	12,483	12,902	13,316	13,886	14,476	
5	Forecasted Total Billable Lines USW Dir.Case, Exhibit 9	12,696	13,004	13,396	13,957	14,200	
6	Actual BFP RR Per Line Line 1/Line 4/12	5.18	5.24	5.99	6.55	6.74	
7	Forecasted BFP RR Per Line Line 2/Line 5/12	4.91	4.84	5.67	6.10	6.07	
8	MLB Cap per Actual Data Line 6 or <6.00	5.18	5.24	5.99	6.00	6.00	
9	MLB Cap per Projected Data Line 7 or <6.00	4.91	4.84	5.67	6.00	6.00	
10	Difference Line 8 - Line 9	0.27	0.41	0.32	0.00	0.00	
11	Forecasted MLB USW Dir.Case, Exhibit 9	2,965	3,263	3,365	3,462	3,714	
12	Actual MLB USW Dir.Case, Exhibit 9	2,943	3,023	3,247	3,512	3,808	
13	CCL Under/Over Charge Line 10 * Line 12 * 12	9,402	14,767	12,428	0	0	36,597

RECALCULATION OF EQUAL ACCESS EXOGENOUS COST

AMERITECH

(1)

L1. LEC as filed equal access adjustment	\$8,277,730
L2. LEC TS PCI @ 1996	80,3722
L3. LEC Filed Non-Cap. Costs in 1991 rates (L1/(L2/100))	\$10,299,245
L4. AT&T calculation of Non-Cap. costs in 1991 rates	\$11,362,653
L5. LEC understatement of Non Cap costs in 1991 rates	\$1,063,407

A. Revenues: Amortization & Depreciation

300. Net Rev. Req.	\$29,078
Expenses and Taxes	
310. Depreciation Expenses	\$6,484
320. Exp. Less Dep-Cummulative	\$7,196
Amortization from prior periods	
330. Exp Less Dep-Amort from Current period	\$504
340. Taxes Less FIT	\$1,957
350. FIT	\$4,280
360. Inv. Tax Credit	\$119
370. Fixed Charges	\$0
380. Net return	\$8,657
Rate Base	
400. Total Plant In Service	\$89,848
410. Unamort Equal Access	\$19,870
Cummulative from Prior Periods	
420. Unamortized Equal Access amount	\$1,152
for Current Period	
430. Other Rate Base Adjustments	\$910
440. Depreciation Reserve	\$25,719
450. Accum Deferred Income Tax	\$13,917
460. Rate Base	\$72,144
470. Net Rate of Return	12%

B. Revenues: Amortization Only

(Per standard LEC calculation)

300. Net Rev. Req. Ln B(320+330+340+350+380)	\$11,338
301. Amortization Factor (B300/A300)	39%
302. Revenue or Rev Req @ 1/1/91	\$29,140,699
303. Exog Equal Access Cost @ 1/1/91 Ln (b301*b302)	\$11,362,653
320. Exp. Less Dep.-Cummulative	\$7,196
Amort. from prior periods Ln A320	
330. Exp. Less Dep.-Amort. from	\$504
Current periods Ln A330	
340. Taxes less FIT Ln A340*(B460/A460)	\$478
350. FIT	\$1,045
370. Fixed Charges	0
380. Net Return Ln B460*.12	\$2,115
460. Unamortized EA Costs (L410+L420)	
460 Total EA Rate Base (L A460)	
450. Accum Deferred income tax	
460. Amortization portion of the Rate Base	\$17,623
Ln A(410+420)-((Ln A(410+420))/(Ln A(460+450)))*Ln A(450)	

Source Data

Ameritech Tariff Review Plan Exhibit COS-5, Filing No. 442, Amended April, 25, 1990.

Ameritech 1997 Estimate of 1991 is per Ameritech June 9, 1997 Price Cap Revisions, Exhibit 3 P. 1 of 2.

SUMMARY OF TOTAL EQUAL ACCESS EXOGENOUS COST

	LEC AS FILED Amortization Exog Cost In LS Category (To Be Removed) A	RECALCULATED Amortization Exog Cost In LS Category (To Be Removed) B	BASE DEMAND * PCI INITIALIZATION LS Category "R" Value C	CURRENT LS Category "R" Value D	Equal Access COMPLETE Amortization Exog Cost In LS Category (To Be Removed) E (B/C)*D
ALIAN T	\$77,272	\$77,272	\$8,000,129	\$9,298,266	\$89,811
AMERITECH	\$10,299,245	\$11,362,653	\$305,330,000	\$422,742,301	\$15,732,074
BELL ATLANTIC	\$21,144,910	\$21,144,910	\$353,070,000	\$460,082,941	\$27,553,778
NEVADA BELL	\$800,890	\$800,890	\$9,995,663	\$12,452,776	\$997,763
NYNEX	\$28,713,710	\$28,713,710	\$528,877,000	\$748,293,156	\$40,626,219
PACIFIC BELL	\$18,359,396	\$18,359,396	\$237,582,000	\$306,942,076	\$23,719,268
ROCHESTER	\$58,243	\$58,890	\$17,839,955	\$33,451,876	\$110,425
BELLSOUTH	\$10,038,301	\$10,038,301	\$362,711,000	\$512,930,997	\$14,195,753
U S WEST	\$6,059,712	\$6,059,712	\$291,405,000	\$422,482,095	\$8,785,435
SWBT	\$8,198,818	\$8,198,818	\$216,588,000	\$299,516,336	\$11,338,024
SNET	\$4,064,813	\$4,064,813	\$82,047,631	\$99,226,088	\$4,915,870
SUM OF EACR	\$107,815,310	\$111,594,683	\$2,413,446,378	\$3,327,418,908	\$148,632,930

LECs' filed Equal Access Exogenous Cost is equal to \$87,952,582

AT&T's calculated Equal Access Exogenous Cost is equal to \$148,632,930

LECs' understatement of Equal Access Exogenous Costs is \$60,680,348

APPENDIX G

AT&T CALCULATION OF REVENUE REQUIREMENT OVERSTATEMENT DUE TO LEC OVERSTATEMENT OF CASH WORKING CAPITAL REQUIREMENTS

A	B	C	D	E	F	G	H	I	J
COMPANY	TOTAL INTERSTATE EXPENSES	DEPRECIATION	DAILY EXPENSES (B-C)/365	COMPANY FILED CWC	COMP LAG DAYS E / D	AT&T CALCULATED CWC @ 15 DAYS D x 15	EXCESS CWC G - E	EFFECT ON INTERSTATE INCOME H x .1125	EFFECT ON INTERSTATE REV. REQ. I x 1.5152
PUERTO RICO	\$ 186,933,483	\$ 62,807,143	\$ 340,072	\$ 21,835,892	64.2	\$ 5,101,082	\$ (16,734,810)	\$ (1,882,666)	\$ (2,852,616)
CHILLICOTHE	\$ 5,445,439	\$ 1,179,779	\$ 11,687	\$ 668,796	57.2	\$ 175,301	\$ (493,495)	\$ (55,518)	\$ (84,121)
CONCORD	\$ 9,509,464	\$ 2,644,813	\$ 18,807	\$ 1,003,673	53.4	\$ 282,109	\$ (721,564)	\$ (81,176)	\$ (122,998)
ROSEVILLE	\$ 15,308,068	\$ 3,934,038	\$ 31,162	\$ 1,942,621	62.3	\$ 467,426	\$ (1,475,195)	\$ (165,959)	\$ (251,462)
TOTALS							\$ (19,425,064)	\$ (2,185,320)	\$ (3,311,196)

SOURCES:

Col. B - TRP, COS(P), Sheet 2, Line 300, ROR Regulated I/S Access

Col. C - TRP, COS(P), Sheet 2, Line 190, ROR Regulated I/S Access

Col. E - Cost Support, Part 69 (Prospective), Cash Working Capital, Total Interstate

CERTIFICATE OF SERVICE

I, Ann Marie Abrahamson, do hereby certify that on this 17th day of September, 1997, a copy of the foregoing "AT&T Opposition to Direct Cases" was served by U.S. first class mail, postage prepaid, to the parties listed on the attached Service List.


Ann Marie Abrahamson

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